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Manitoba

Annual Report 1989 - 90

Manitoba Farm Mediation Board

For the period ending March 31, 1990

Minister of
Agriculture

Room 165
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

To His Honour
George Johnson
Lieutenant Governor for
the Province of Manitoba

Your Honour:

I have the honour to submit herewith the Report of the Manitoba Farm Mediation Board for the period April 1, 1989 to March 31, 1990.

Your obedient servant,

Glen M. Findlay
Minister

Manitoba

Manitoba Farm
Mediation Board

600 , 491 Portage
Winnipeg, Manitoba, CANADA
R3B 2E4

Honourable Glen Findlay
Minister of Agriculture
165 Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

Dear Mr. Findlay:

In accordance with the provisions of the Family Farm Protection Act, I have the honour to forward to you The Annual Report of the Manitoba Farm Mediation Board for the fiscal year ending March 31, 1990.

Respectfully submitted,

W E Harrison

William E. Harrison
Chairperson

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Chairman's Remarks

The year 1989/90 continued to be a busy and challenging year for the Manitoba Farm Mediation Board. New applications were steady and the Board continued to work on the backlog of cases carried over from the previous year. The Board is finding that the mediation process, along with the whole farm economy, is evolutionary in nature and several procedural changes were put into effect during the year to enable it to more efficiently deal with changed circumstances as they occur. Given the sweeping agricultural reforms currently being undertaken in Canada it has been a real challenge to try and visualize what the future face of agriculture might look like, and at the same time try to mediate settlements for farm clients that will synchronize with the new programs being developed.

The Board is continuing to devote its efforts toward maintaining and fostering a balanced and vibrant Manitoba Agriculture which will be a credit to the Province of Manitoba as a whole.

William E. Harrison
Chairman
Manitoba Farm Mediation Board

Board Membership

(as at March 31, 1990)

Name:		Address
William E. Harrison	Chairman	Holmfield
Owen McAuley	Vice Chairman	McAuley
Don Dewar	Member	Dauphin
Claudia Dumoulin	Member	Beausejour
Hugh Jameson	Member	Brandon
John Loewen	Member	Steinbach
Elsie Steinke	Member	Brunkhild
Melvin Watt	Member	Reston
Glenn Young	Member	Cypress River

Objective

The objective of the Manitoba Farm Mediation Board (the Board) is to provide the administrative support required for the operational aspects of the Family Farm Protection Act.

Activity Identification

Through the Family Farm Protection Act assist farmers in protecting and sustaining their farming operations during the current difficult economic times.

Expected Results

The Manitoba Farm Mediation Board will continue to receive applications both from lenders and farmers for assistance in reducing the farmer's financial difficulty.

Funding will be provided through the Board's Loan Authority Act and Forward Appropriation to relieve the debt burden of certain producers who in cooperation with lending institutions agree on viable option plans.

The Manitoba Farm Mediation Board and the Courts will continue to review impending foreclosures and where possible, recommend alternative solutions.

Manitoba farmers or peer advisory panels will play a role in the mediation process.

Introduction

The 1989/90 year's farm financial situation was another stressful one for many indebted farmers. Agricultural conditions were still difficult and operating losses were once again imminent. Farmers and Creditors have realized that financial restructuring is necessary for farm operations to survive and for farmers to pay their debts. The Manitoba Farm Mediation Board played a significant role in helping those troubled farmers maintain their farming operations through mediation with their respective creditors.

Background

The Family Farm Protection Act, which created the Board, was assented to by the Manitoba Legislative Assembly September 10, 1986. Parts I, II, VI, VII and VIII were proclaimed on December 15, 1986 and Part III on February 9, 1987. Parts IV and V were not proclaimed and ceased to have any force after October 1, 1989.

The Board was initially referred to as Manitoba Mediation Board but on March 15, 1990 was amended to the Manitoba Farm Mediation Board to reflect its area of jurisdiction.

The Family Farm Protection Act is the basis for facilitating improved communication between creditors and farm debtors, ensuring that individual farmers receive fair and consistent treatment. Over the past year, creditors have realized the value of dealing with the Mediation Board in developing viable restructured financial packages. The process has developed to the mutual benefit of all concerned.

Part III: Applications for Leave

One of the Board's main functions is to become involved in foreclosure proceedings. Under Part III of the Act, a lender who intends to foreclose on farmland must make application to the Court of Queen's Bench. Copies of the application must be served upon the farmer and the Manitoba Farm Mediation Board.

After the Board has received its copy, it has up to 90 days to analyze the case, conduct a mediation panel meeting with the farmer and lender in the pursuit of achieving an alternative to foreclosure, and to prepare a report for the Court with copies sent to the farmer and the lender.

Part VI: Peer Advisory Panels

Under Part VI of the Act, a farmer or a creditor may apply to the Board to have a Peer Advisory Panel review the financial arrangements between the farmer and any or all of the creditors of the farmer. The purpose is to derive a settlement of the farmer's indebtedness or to arrange for payment to the creditors without mediation having to be initiated by legal proceedings.

Joint Operations

The Manitoba Farm Mediation Board has developed a very close working relationship with the Federal Farm Debt Review Board. During the year under review, 77 cases coming before the Board were dealt with jointly by the two Boards. This has resulted in greatly reducing the stress on the farm family in financial difficulty by dealing with the case once. At the same time, by sharing Farm Financial Advisors and streamlining the hearing process, a substantial cost saving has been realized. This harmonizing process will continue in 1990/91.

Table 1
Application Activities

	Part III	Part VI	Total
Carry Over From 1988/89	94	176	270
Applications Received	181	127	308
Total for Processing	275	303	578
Applications Completed:			
Settlement Achieved	118	123	241
Mediation Not Desired:			
a) Waivers signed	13	0	13
b) Withdrawn Applications	3	10	13
c) Deferred Applications	0	9	9
Settlement Not Achieved:	53	22	75
Part VI Transferred to Part III	0	51	51
Total Completed	187	215	402
Mediation in Progress	88	88	176
Court Reports Submitted	201		

During the initial stages of the program, a backlog of cases developed. Significant progress was made during this year in finalizing these cases and reducing applications to a current status.

Agreements Registered

During the fiscal year under review, eight agreements were registered under Section 30 (1) of the Act.

A total of 814 Manitoba Farmers have been through the mediation process and the table below compares the Board's clients to the total number of farmers by the regions.

Table 2
Distribution of Clients by Region

Region	# Of Farmers In Region *	The Board Clients	Percent	Total Applications
Central	7,058	204	3	247
Eastern	3,910	70	2	79
Interlake	4,202	94	2	111
Northwest	5,008	191	4	222
Southwest	7,158	255	4	308
Total	27,336	814	3	967

• Based on Manitoba Department of Agriculture 1986 Census

Special Assistance Programs

In order to facilitate the establishment of financial agreements between farmers and their creditors, a special fund has been created by the Government of Manitoba. This fund is available through five different programs listed below:

Program 1 — Guarantee of Loan Payments

Program 2 — Guarantee of Lease Payments

Program 3 — Guarantee of Security

Program 1/3 — Combination of Program 1 and Program 3

Program 4 — Operating Assistance during mediation for the above Program(s) Entry

During the 1989/90 fiscal year, the Manitoba Farm Mediation Board had guarantees in place for 97 new farmer clients for a total sum of $3, 512,380.00 as shown in Table 3 below.

Table 3
Guarantee Approvals Provided in 1989/90

	Programs					
Year	**1**	**2**	**3**	**1/3**	**4**	**Total**
1	337,289	180,640	259,000	167,800	0	944,729
2	351,889	192,140	259,000	167,800	0	970,829
3.	346,689	180,640	259,000	167,800	0	954,129
4	319,889	104,190	259,000	167,800	0	850,879
5	319,889	81,125	259,000	167,800	0	827,814
Total	1,675,645	738,735	259,000 *	839,000	0	3,512,380

* Is a cumulative total approved during the year and does not change unless a payment is made or the term of the guarantee expires.

Annual Review of Guarantees

During the year, 134 guarantees from previous years were reviewed as required by the program guarantee guidelines. Through the mediation process and as a result of financial restructuring, 62 of these clients were able to meet their financial obligations without calling on the government's guarantee. In 72 cases, the province was required to pay part or all of the guarantee provided. Payments made during the year totalled $430,947 which was 52% of the potential amount payable of $835,379.

A detailed financial analysis was carried out on all cases under the guarantee programs. This process also included assisting the client in the development and follow through on an established financial management record system. During the year, 3 farmers requested that their respective guarantees be cancelled as they were no longer required. Two farmers left the farm for opportunities in other areas and the Board cancelled 5 guarantees due to violations of the contract agreement.

The Board expects to have a minimum of 275 clients under the guarantee program in 1991.